CITY OF
uMHLATHUZE
VISION INTO ACTION

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Your ref: **Our file ref:** **5/17/1/1**

Contact: MR B V NZUZA **In response to DMS No:**

Date: **29 MAY 2020**

EXTRACT FROM THE MINUTES OF THE ONE HUNDRED AND NINETY FIRST ORDINARY VIRTUAL MEETING OF THE COUNCIL OF THE uMHLATHUZE MUNICIPALITY, HELD ON WEDNESDAY, 27 MAY 2020 AT 14:50 IN VARIOUS COUNCIL VENUES

PRESENT: COUNCILLORS

S G Mkhize (Speaker)
M G Mhlongo (Mayor)
K D Sibiya (Deputy Mayor)
M Lourens (Chief Whip)
C M Botha
B Cebekhulu
L G Cebekhulu
J N Cele
N R Cele
B J de Lange
H P C de Wet
S G Dlamini
L C M Fourie
T S Gumede
J M Hadebe
L S Joseph
R Khumalo
V N Khuzwayo
S B Mabaso
S L Magubane
N F Makhanya
T B Mathe
P M Mathenjwa
K N Mbonambi
M Mdaka
K Mjadu
C G Mkhulise-Khumalo
D E Mngomezulu
B C Mthembu
O Z Mthembu
S N Mthembu
S P Mthembu
K N Mthethwa
S P Mthethwa
S Mzimela
K Naidoo
H N Ncanana
D J Ndimande
M Ndlovu
K E Nkosi
P M Ntanzi
S F Ntombela
D E Ntuli
D F Ntuli
S S Ntuli
C N Nyawo
T G Qulo
T M Phahla
S Simmadhri
M Sookroo
I A Stone
N T Thusi
A Viljoen
Z Z Xulu
N T Zibani
R M Zikhali
G Zondi
L P Zondo

LEAVE OF ABSENCE AND APOLOGIES : COUNCILLORS

J Z Mabuyakhulu
N N Ngubane
S M Zulu
M M Mbokazi
T P Wanda
S G Zuma

NO APOLOGIES

P T Mbatha
M S C Mpungose
C N Mpanza

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ADOPTED 2020/21 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

RESOLVED THAT:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the Municipality for the Financial Year 2020/21 and indicative for the projected outer years 2021/22 and 2022/23 be approved as set out in the Budget Report **(DMS 1402411)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 1402205)**;

2. the Final Integrated Development Plan (IDP) Review for 2020/2120 **(DMS 1344570)** be incorporated into the Adopted 2020/21 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);

3. the Adopted 2020/21 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the City of uMhlathuze be approved as follows:

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Tabled Budget 2020/21	Tabled Budget 2021/22	Tabled Budget 2022/23
Total Operating Revenue	3 198 114	3 430 794	3 636 785	3 877 900
Total Operating Expenditure	3 292 395	3 485 274	3 673 862	3 852 144
Surplus/ (Deficit) for the year	**(94 280)**	**(54 480)**	**(37 077)**	**25 756**
Total Capital Expenditure	**622 906**	**671 834**	**593 789**	**654 376**
TOTAL OPERATING & CAPITAL BUDGET	**3 915 301**	**4 157 108**	**4 267 650**	**4 506 520**

It be further noted that this Budget in as far as the Municipal's administration ability and financial system capability allowed, is Project based.

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4. the following table setting out the surplus/(deficit) across the services be approved:

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Electricity and Energy Sources				
Surplus/(Deficit) for the year	225 590	241 066	263 957	297 640
Water Management				
Surplus/(Deficit) for the year	16 615	27 667	32 604	41 346
Waste water management				
Surplus/(Deficit) for the year	(48 462)	(43 305)	(35 636)	(28 118)
Waste management				
Surplus/(Deficit) for the year	26 529	29 695	35 359	43 324
Other Services				
Surplus/(Deficit) for the year	(314 552)	(309 603)	(333 360)	(328 436)
Total				
Surplus/(Deficit) for the year	**(94 280)**	**(54 480)**	**(37 077)**	**25 756**

5. the Adopted Service Delivery and Budget Implementation Plan (SDBIP) 2020/21 (**DMS 1402412**) as submitted be approved;

6. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2020/2021 financial year be approved:

Category	Proposed tariff (from 1 July 2020)	Ratio to Residential Tariff
	C	
Residential Properties	0,0093	1 : 1
Business / Commercial	0,0196	1 : 2,10
Industrial	0,0205	1 : 2,20
Agricultural Properties	0,0023	1 : 0,25
Public Service Purposes (State Owned)	0,0103	1 : 1,10
Public Service Infrastructure	0,0023	1 : 0,25
Public Benefit Organisation Properties	0,0023	1 : 0,25
Mining Properties	0,0214	1 : 2,30
Vacant Land	0,0196	1 : 2,10

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7. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:

   - Agricultural properties - 5%
   - Non Profit Organisations - 20%

8. the Rates Policy as contained in **Annexure D1 (DMS 1403961)** be approved;

9. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R115 000 of the valuation on all developed residential properties valued at R400 000 and below be made;

10. in addition to the reductions in recommendation (9) above and subject to the criteria set out in the Property Rates Policy an additional R200 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;

11. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R130 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R130 000 on the following basis:

    a) Properties valued between R130 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges.

    b) Properties valued at R170 001 and higher will pay the normal tariff.

12. the amendment of the Tariff of Charges as per **Annexure C (DMS 1403878)** be approved;

13. the Tariff policy as per **Annexure D2 (DMS 1403825)**;

14. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;

15. in addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;

16. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;

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17. in terms of various policies the following increases in allowances are submitted to Council for approval:

	Approved 2019/20 Tariffs	Proposed Tariffs - 2019/20
	R	R
Standby - Travel allowance	104	109
Standby - Subsistence allowance	68	71
Subsistence allowances		
Daily allowance	147	154
Overnight allowance	197	207
Own accommodation	271	284
Interview candidates	71	74
Accommodation		
All employees	1 232	1 292
All councillors and Section 56 employees	2 065	2 166
Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	3 444	3 613
Ward committee members	1 384	1 452
Indigent Burial Assistance		
Adult	2 717	2 850
Child (1 day to 15 years)	2 065	2 166
Stillborn / foetus	1 413	1 482

18. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;

19. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in ***2020/21*** financial year to the next financial year, namely the 2019/20 financial year;

20. although Council has an approved Virement Policy, in terms of this 2020/21 MTREF Budget appropriation, a new MFMA mSCOA Circular No 8 **(DMS 1402904)** be adopted with the following:

- no virements (transfers) will be allowed out of:
    - All Repairs and Maintenance Projects unless approval has been sort jointly between the Municipal Manager and the Chief Financial Officer;
    - Purchase of Bulk Electricity and Bulk Water Projects;

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- a Project extending over/ incorporating more than one *m*SCOA function or sub function, then savings in the budgetary allocation in a function or sub-function may be applied across the functions and/ or sub-functions directly linked to the same Project and Funding Source;

- Where the Finance and Administrative function or sub function is directly linked to another Function or sub function, then savings in the linked function/ sub-function may be applied in the Finance and Administrative function or *vice versa*. This means that virements between Rates Services and Trading Services and across Trading Service are not allowed;

- Virements should not be permitted in relation to the revenue side of the budget;

- Virements between functions should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);

- Virements from the capital budget to the operating budget should not be permitted, Operational funds to the Capital Budget may be done, but only via an Adjustments budget;

- Virements towards employee related costs should not be permitted, except where:

    - temporary/ contracted (budget for as contracted services in terms to the mSCOA Classification) staff status has changed to permanent staff; or

    - the budget savings resulted from Outsourced Services within the same function in terms of a Council delegated authority).

21. to ensure that monies are spent efficiently and effectively in the repairs and maintenance environment for both operating and capital budgets, no Repairs and Maintenance budget can be utilized unless each project for repairs and maintenance is utilized strictly in terms of the 2020/21 asset maintenance plan and captured accordingly on the Work Break-down Structure of the uM-SAP system; and

22. to ensure that all capital budgets are spent efficiently and effectively, no approved tenders can proceed unless clearly defined work deliverables are documented in the project and captured accordingly in the Work Break- down Structure on the uM-SAP system.

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CERTIFIED A TRUE EXTRACT FROM THE MINUTES.

Civic Centre
c/o Mark Strasse and Lira Link
CBD
Richards Bay

MR B V NZUZA
ACTING DEPUTY MUNICIPAL MANAGER:
CORPORATE SERVICES

(1405044 -st)